

ECONOMIC IMPACTS OF THE PROPOSED ST. LOUIS BALLPARK STADIUM & VILLAGE



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POLICY CONTEXT

In February 2002, Missouri Governor Bob Holden announced he would support the use of state aid for a ballpark stadium and village in downtown St. Louis.

- Third attempt in as many legislative sessions.
- Included state and local public financing.
- Bill divided rural and urban legislators.
- Worst state budget deficit in over ten years.

POLICY CONTEXT

MERIC was asked by both executive and legislative leaders to evaluate the economic impact of this bill because:

- expertise in impact assessments
- reputation for quality economic information
- independent research center

RESEARCH TEAM

David Peters - Principal Investigator

Kevin Highfill - St. Louis Economic Overview

Marty Romitti - Policy Context

PROJECT OVERVIEW

Ballpark stadium to replace existing Busch Stadium, which was built in the early 1960s, and is home to the St. Louis Cardinals.



Ballpark village would be a mixed-use development surrounding the ballpark, which would include office, retail and restaurant space, parking and entertainment attractions.

PROJECT OVERVIEW

Public financing for the project would come from a consortium of the State of Missouri, St. Louis County and the City of St. Louis - totaling more than \$450 million over 30 years.

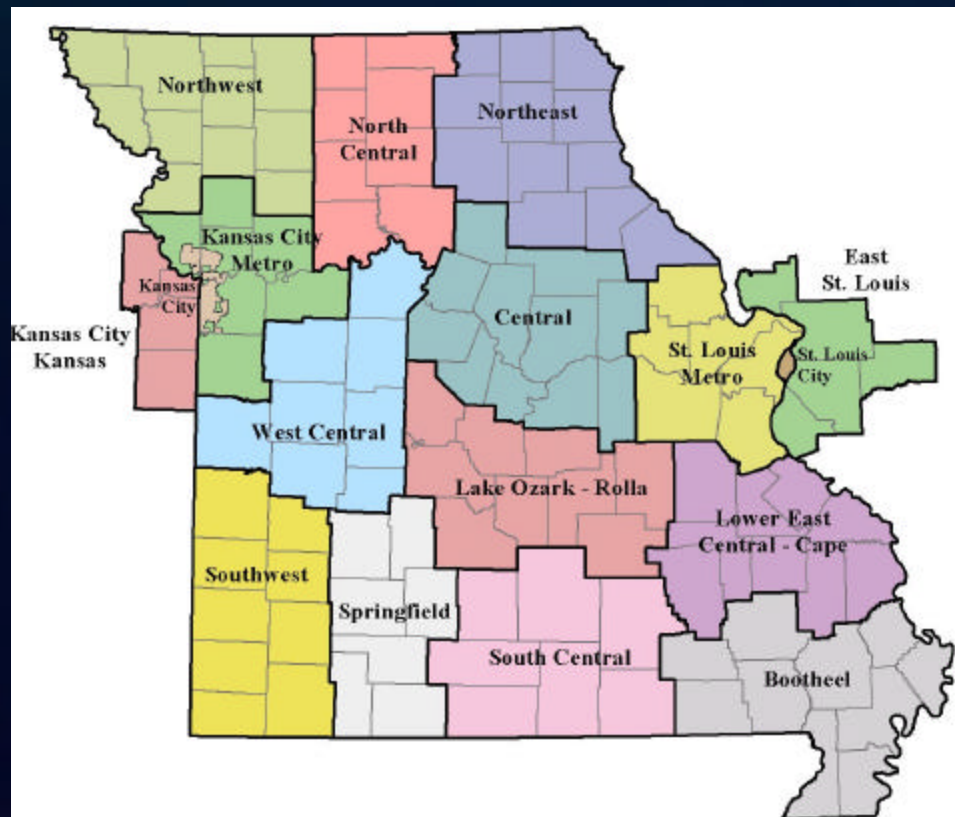
Guarantees for the public partners included:

- Naming rights fund to offset lower-than-expected tax revenues.
- Penalties if construction was not completed according to the agreement.
- Share of profits if the St. Louis Cardinals were sold before the end of the agreement in 2034.

METHODOLOGY & ASSUMPTIONS

REMI MISSOURI MULTI-REGIONAL MODEL

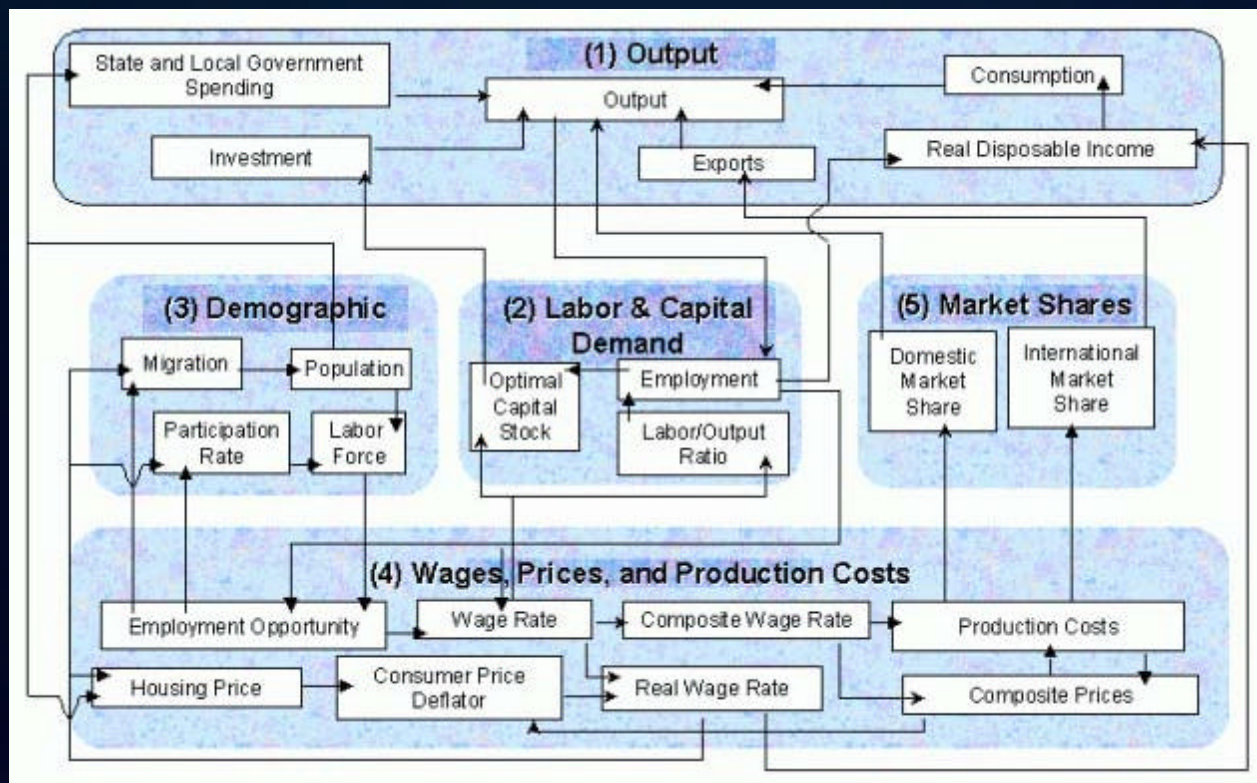
- REMI is used to estimate employment, wage, demographic and fiscal impacts across Missouri.
- REMI includes 17 economic regions in Missouri.



METHODOLOGY & ASSUMPTIONS

REMI MISSOURI MULTI-REGIONAL MODEL

- REMI assumes that households maximize utility and producers maximize profits.
- REMI assumes economic migration if the likelihood of being employed increases in the region.



METHODOLOGY & ASSUMPTIONS

REMI MISSOURI MULTI-REGIONAL MODEL

Impacts are ascertained by examining differences between:

- (1) *baseline projection* (no change in the economy)
- (2) *scenario projection* (construction and operation of the ballpark stadium and village)

The differential indicates the impact relative to what would have been expected given no change in the economy.

METHODOLOGY & ASSUMPTIONS

PUBLIC FINANCING

State of Missouri

- \$7 million per annum between 2005 and 2034.

St. Louis County

- \$2 million per annum between 2003 and 2033.
- Compounded interest of 3% per annum.

City of St. Louis

- \$4.2 million per annum between 2005 and 2034.

METHODOLOGY & ASSUMPTIONS

BALLPARK STADIUM

Construction Impacts

- \$346 million between APR 2002 and DEC 2005 in StLC.
- Assumes local and non-local contractors.

Stadium Operational Impacts

- Assumes increased spending of \$15.62 per visitor with 3.2 million visitors per year, of which 61.5% are MO residents and 38.5% are non-MO residents.
- Gain of \$51.57 million p.a. in amusement and recreation sales between 2006-2034 in StLC.
- Loss of \$31.70 million p.a. across Missouri due to reallocation of consumer spending.

METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE ONE

Construction Impacts

- \$100 million between APR 2006 and SEP 2011 in StLC.
- Assumes local and non-local contractors.

Retail Operational Impacts

- Assumes retail sales of \$366 per sq.ft., of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of \$13.41 million p.a. in retail sales between 2011-2013 in StLC.
- Loss of \$8.24 million p.a. across Missouri due to reallocation of consumer spending.

METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE ONE

Parking Operational Impacts

- Assumes parking fee of \$7 per day for 1,850 spaces operating at 80% capacity year-round.
- Gain of \$3.78 million p.a. in parking sales between 2011-2013 in StLC.

Museum Operational Impacts

- Assumes 15,200 visitors annually paying \$6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of \$91,200 p.a. in amusement and recreation sales between 2011-2013 in StLC.
- Loss of \$56,088 p.a. across Missouri due to reallocation of consumer spending.

METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE ONE

Entertainment Operational Impacts

- Assumes 166,666 visitors annually paying \$6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of \$1 million p.a. in amusement and recreation sales between 2011-2013 in StLC.
- Loss of \$615,000 p.a. across Missouri due to reallocation of consumer spending.

Office Operational Impacts

- Employment based on workers per sq.ft. Assumes 70% business services, 18% medical, 10% professional services and 2% finance.
- Assumes 50% are new to MO, 38% from St. Louis Metro and 12% shifted within StLC.
- Gain of 745 jobs p.a. between 2011-2013 in StLC.
- Loss of 323 jobs p.a. in St. Louis Metro due to shifts.

METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE TWO

Construction Impacts

- \$200 million between APR 2009 and SEP 2014 in StLC.
- Assumes local and non-local contractors.

Retail Operational Impacts

- Assumes retail sales of \$366 per sq.ft., of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of \$40.22 million p.a. in retail sales between 2014-2034 in StLC.
- Loss of \$24.73 million p.a. across Missouri due to reallocation of consumer spending.

METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE TWO

Parking Operational Impacts

- Assumes parking fee of \$7 per day for 1,850 spaces operating at 80% capacity year-round.
- Gain of \$3.78 million p.a. in parking sales between 2014-2034 in StLC.

Museum Operational Impacts

- Assumes 45,600 visitors annually paying \$6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of \$273,600 p.a. in amusement and recreation sales between 2014-2034 in StLC.
- Loss of \$168,264 p.a. across Missouri due to reallocation of consumer spending.

METHODOLOGY & ASSUMPTIONS

BALLPARK VILLAGE - PHASE TWO

Entertainment Operational Impacts

- Assumes 500,000 visitors annually paying \$6 per visit, of which 61.5% are made by MO residents and 38.5% by non-MO residents.
- Gain of \$3 million p.a. in amusement and recreation sales between 2014-2034 in StLC.
- Loss of \$1.85 million p.a. across Missouri due to reallocation of consumer spending.

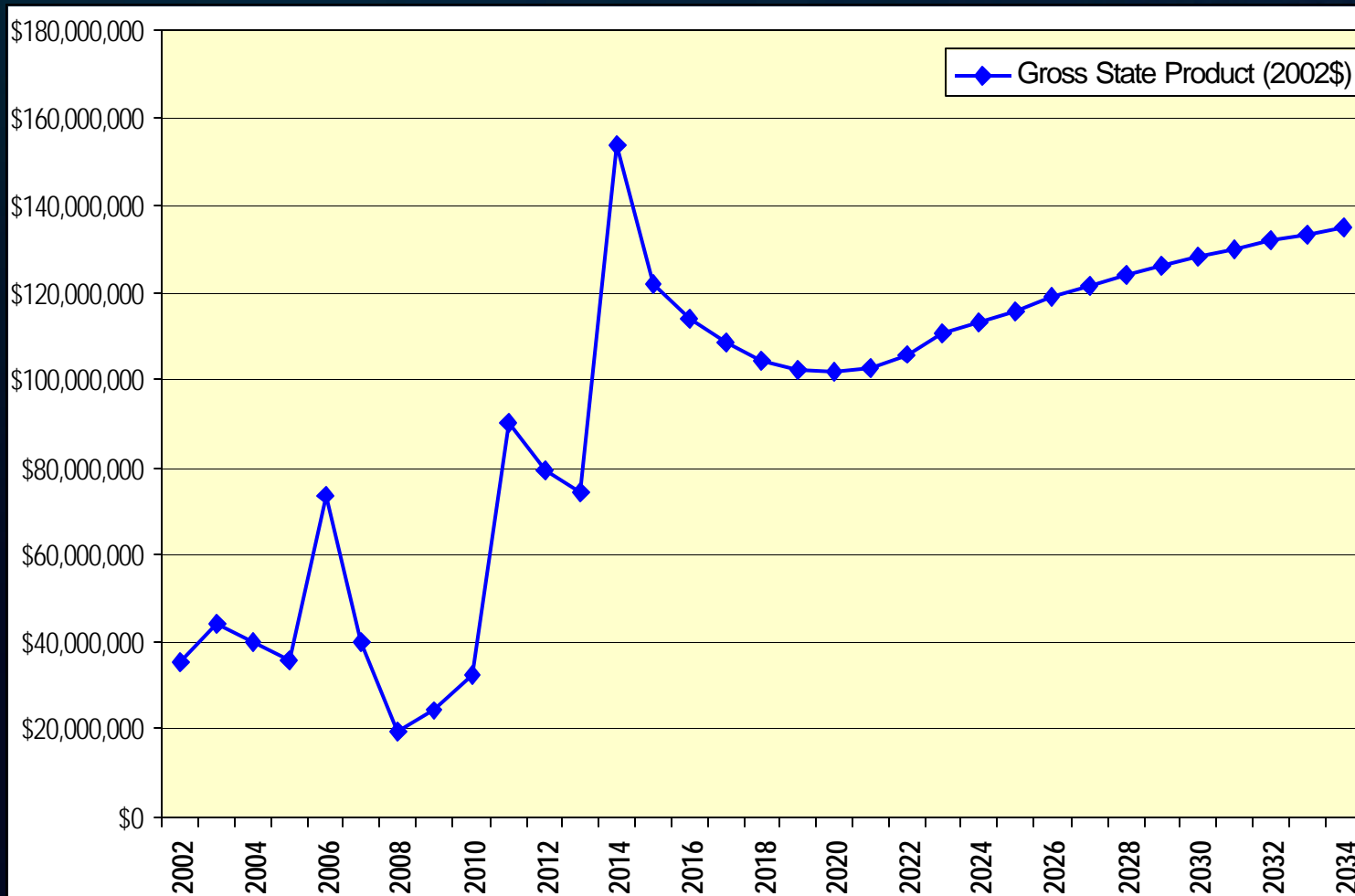
Office Operational Impacts

- Employment based on workers per sq.ft. Assumes 70% business services, 18% medical, 10% professional services and 2% finance.
- Assumes 50% are new to MO, 38% from St. Louis Metro and 12% shifted within StLC.
- Gain of 2,238 jobs between 2014-2034 in StLC.
- Loss of 971 jobs in St. Louis Metro due to shifts.

GROSS STATE PRODUCT

- By 2005, near-complete construction would result in a 0.02% gain in GSP (\$35.64 mil).
- By 2008, there is a drop in GSP due to phase-out of massive construction.
- By 2011, construction and operation of Phase One would result in a 0.04% gain in GSP (\$90.14 mil).
- By 2014, full operation of the ballpark village would result in a 0.06% gain in GSP (\$153.77 mil).
- By 2034 the economic impact levels off, with the gain of 0.04% in GSP (\$134.78 mil).

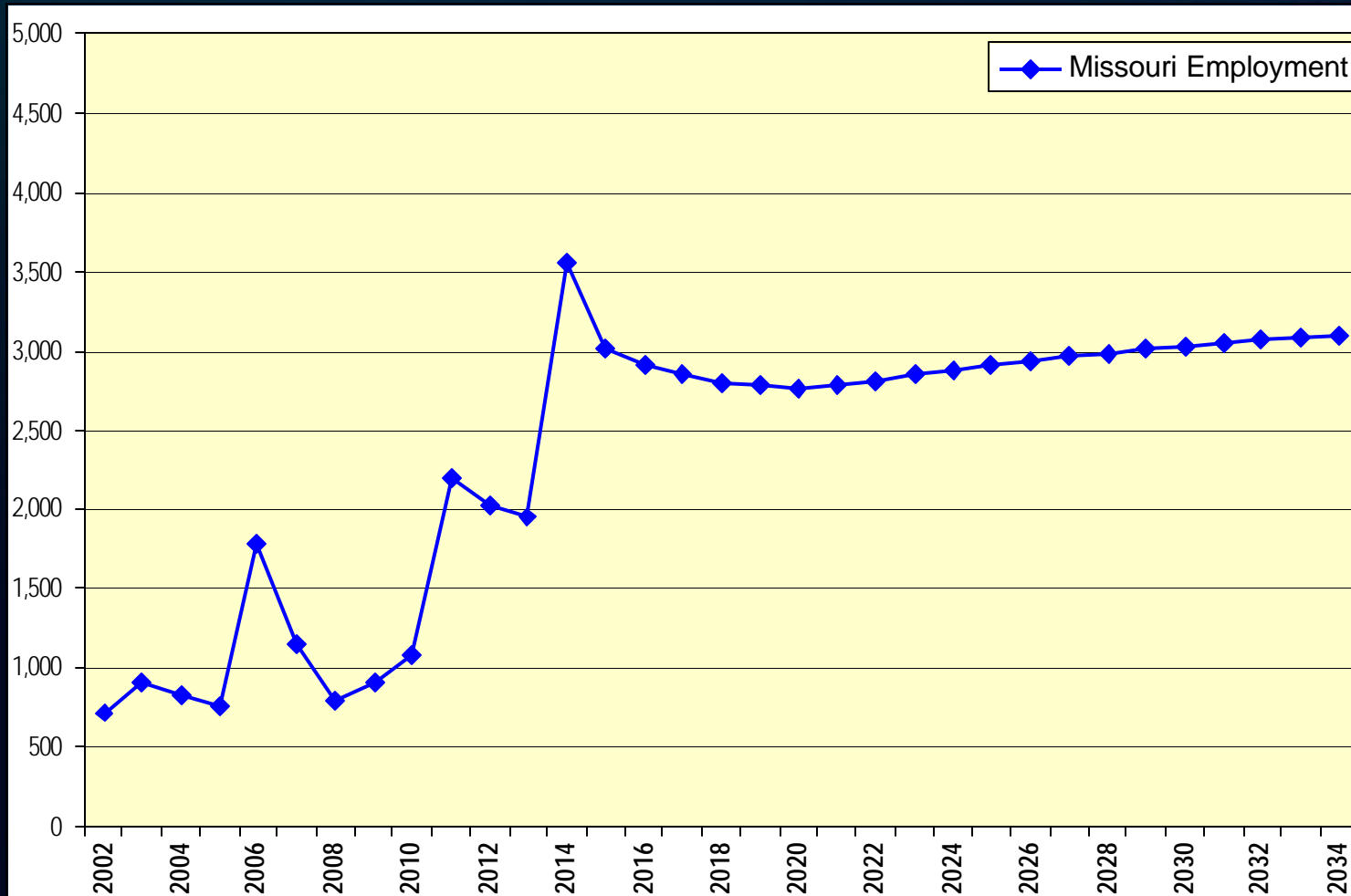
GROSS STATE PRODUCT



EMPLOYMENT AND WAGES

- By 2005, near-complete construction would result in 765 new jobs and \$38.84 mil in wages.
- By 2008, there is a drop in employment due to phase-out of massive construction.
- By 2011, construction and operation of Phase One would result in 2,195 new jobs and \$116.49 mil in wages.
- By 2014, full operation of the ballpark village would result in 3,549 new jobs and \$204.28 mil in wages.
- By 2034 the economic impact levels off, resulting in 3,092 new jobs and \$201.73 mil in wages.

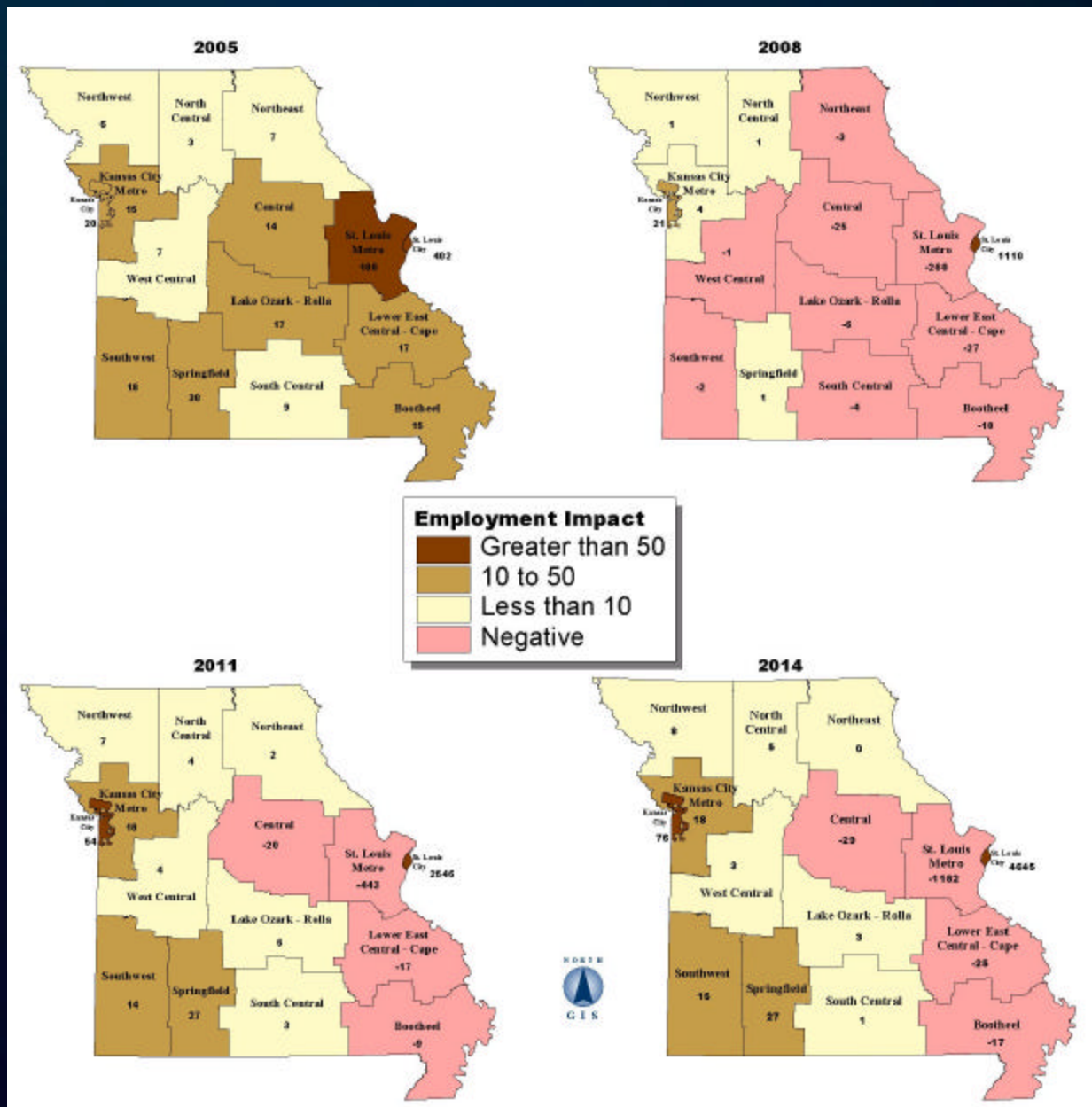
EMPLOYMENT AND WAGES



EMPLOYMENT AND WAGES

- St. Louis City experiences the largest economic benefits - due to ballpark project.
- St. Louis Metro Region experiences the largest economic costs - due to job and spending shifts to St. Louis City.
- In general, the eastern half of Missouri experiences small economic costs - due to spending shifts to St. Louis City.
- Kansas City and the western half of the state experience small economic benefits - due to input purchases and minimal spending shifts.

EMPLOYMENT AND WAGES

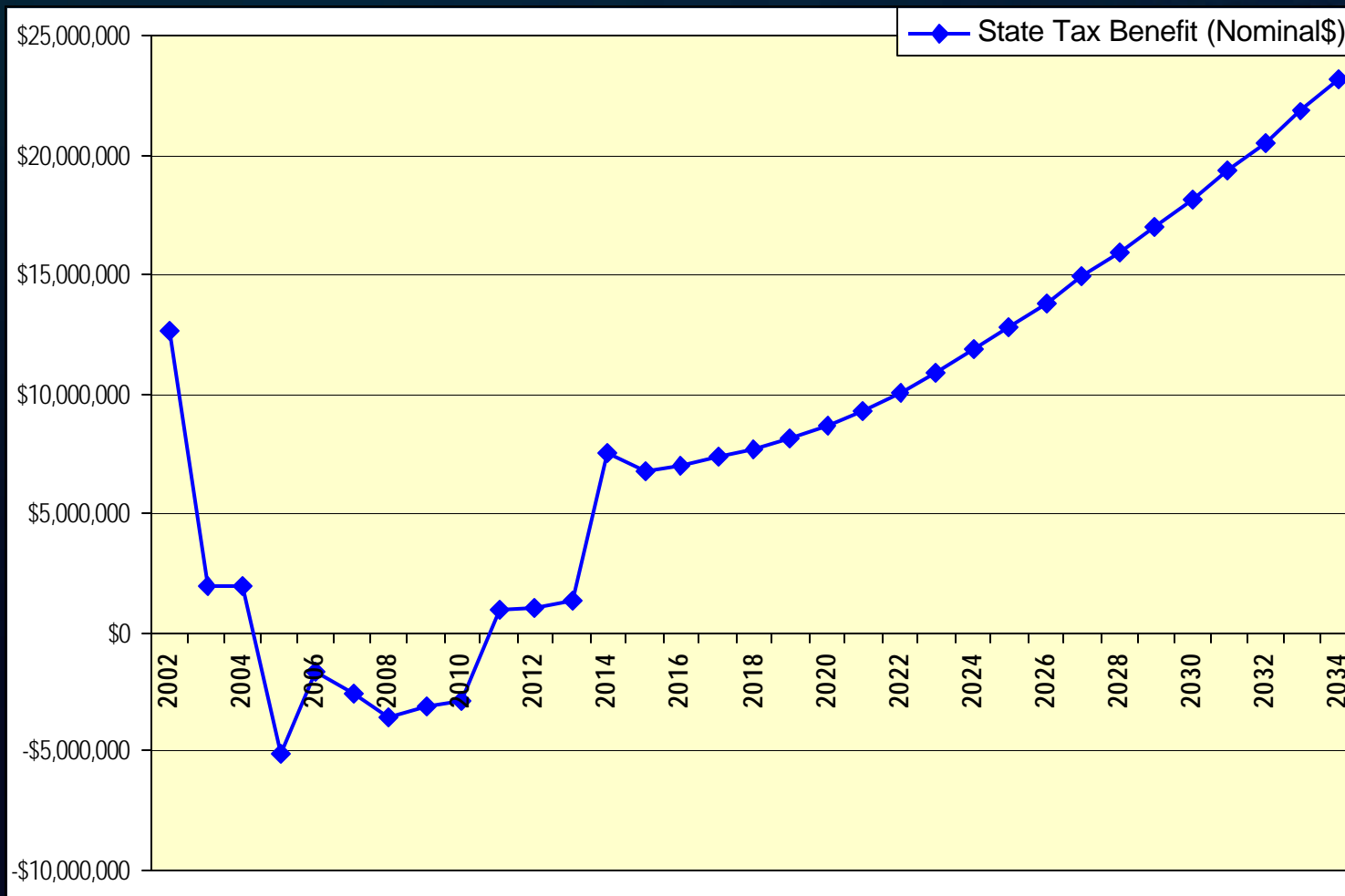


STATE OF MISSOURI TAX IMPACTS

- Between 2005-2010 the State of Missouri would experience a net tax cost due to bond payments.
- By 2011 the State of Missouri would experience a net tax benefit due to partial ballpark operation.
- At full operation between 2014-2034, the State of Missouri would experience a net tax benefit of \$12.99 million per annum.

The ballpark project would generate a net tax benefit of \$61.68 million NPV between 2002-2034.

STATE OF MISSOURI TAX IMPACTS



SUMMARY AND IMPLICATIONS

- By the time the original bill went to the floor, funding was added for renovation of other stadia in St. Louis, Kansas City, Springfield and Branson.
- This increased state funding from \$210 million to \$644 million over 30 years.
- The bill passed the Senate but stalled in the House where the bill died without going to a vote.
- Report was instrumental in getting the bill through a Republican-controlled Fiscal Review Committee.
- Report was used in legislative debates by both sides and quoted extensively by the media.

LESSONS LEARNED

METHODS

- Use well-established economic impact models.
- Industry and geographic detail important.

ASSUMPTIONS

- Support assumptions using academic literature, secondary data or benchmarks from similar venues.
- Use sound economic theory and reasoning.
- Make assumptions clear and straightforward.
- Base the assumptions on a consistent argument.

CONTEXT

- Provide narratives on the development of the project.
- Provide synopses of complex legislation or issues.
- Provide relevant socio-economic information.

FOR MORE INFORMATION

Questions or comments:

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